

**Molycorp, Inc.**  
Molybdenum Group  
P.O. Box 469  
Questa, NM 87556-0469  
Telephone (505) 586-7601  
Facsimile (505) 586-0811

**Molycorp**

**David R. Shoemaker**  
General Manager, Molybdenum Group

June 18, 1999

Myron Knudson, P.E.  
Division Director  
6 SF  
US EPA Region 6  
1445 Ross Avenue Suite # 1200  
Dallas, TX 75202-2733

Dear Mr. Knudson:

I received your phone message and thank you for returning my call. We look forward to meeting here with your technical staff next week to discuss the Superfund issues at the Questa Mine. We are concerned about the efforts to have the mine site proposed for listing on the National Priorities List. We have visited with the State of New Mexico and they indicate that these efforts are being lead by EPA. However, your Division indicates that the State of New Mexico is leading the effort to have our site listed. This situation makes it more difficult for us to discuss technical issues because we are not sure who is the lead on the listing effort.

The Questa Mine is an ongoing operation with 150 employees. Although we have had to temporarily layoff about 200 employees because of depressed conditions in the steel industry, we are continuing with limited production and development of our new ore block. When molybdenum prices normalize, we expect to return to full employment. Molycorp is committed to long term operations at Questa.

Molycorp has done extensive site assessment work at Questa, and has committed to do even more extensive site assessment work beginning in July 1999. This new site assessment work is being done in cooperation with the New Mexico Environment Department and will include installation of additional monitor wells in the mine area and bore holes in the waste rock piles for characterization work. In the last few years we have spent millions of dollars on site assessment, remedial efforts and reclamation at the site.

River conditions have improved dramatically since the original Site Investigation was performed in 1994. In the opinion of our technical experts, the site did not qualify for listing based on conditions in 1994. Conditions have improved since that date as a direct result of our remedial actions and resumption of operations. Considering the new site assessment work and the improvement in river conditions we do not understand why an

SF-R  
cy mols  
Superfund  
Ladonna - File

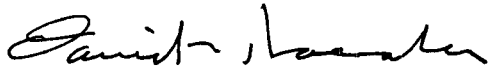
RECEIVED  
SUPERFUND DIV.  
OPERATIONS OFC.  
JUN 21 PM 2:00



188222

attempt is being made to list the Questa site at this time. I have attached a two page paper which briefly summarizes the mine's environmental impact. I have also attached a graph comparing sulfate loading in the Red River when we were shut down (1994) with loading under current conditions. Sulfate loadings are the best indication of the amount of minerals draining or seeping into the Red River.

Sincerely,

A handwritten signature in black ink, appearing to read "David R. Shoemaker". The signature is fluid and cursive, with the first name "David" being more prominent.

David R. Shoemaker  
General Manager  
Molybdenum Group

cc: Susan Webster, EPA  
Ladonna Walker, EPA  
Peter Maggiore, NMED

## **Molycorp's Questa Mine: Environmental Impact and Regulation**

### **1. The mine region is a natural source of minerals to the Red River.**

The Molycorp Questa Molybdenum Mine is located in a steeply mountainous region of Taos County, New Mexico near the Red River between the Village of Questa and the Town of Red River. Volcanic activity gave the rocks in this region unusually high metal content and acid-generating capacity. The last glacial period created natural "hydrothermal scars" – steeply sloped, highly erodible rock formations that cause sediment and metals to reach the Red River.

### **2. Molycorp has reduced the natural mineral discharges to the Red River.**

From 1964 to 1983 Molycorp moved about 330 million tons of rock (overburden) to other locations on its mine property to obtain access to molybdenum ore in its open pit mine. Molycorp has begun revegetating these waste rock piles. To date, Molycorp has revegetated over 30 acres with over 100,000 native seedlings with a survival rate of 80%. These voluntary and innovative efforts earned Molycorp an "Excellence in Mine Reclamation" award from the State of New Mexico in 1997. Rock from the hydrothermal scars remains a potential source of minerals to the Red River but Molycorp has taken steps that protect the river. Molycorp's mine de-watering program captures on-site ground water carrying minerals that might otherwise seep into the River. Molycorp's storm water management program intercepts the rain water and snowmelt surface runoff that might otherwise carry minerals to the River. Any discharges to the River of such surface runoff are regulated under Molycorp's federal Clean Water Act (NPDES) permit.

### **3. With the resuming of operations in 1996, conditions in the Red River have improved dramatically.**

Mine de-watering, begun in 1995, has largely dried up zones of ground water seepage to the river. Molycorp's ongoing revegetation program and surface water collection systems have also contributed to the improvement in river conditions. Through these programs, Molycorp captures the surface runoff and ground water at the mine site, both mine-related and from the natural scars, that otherwise would reach the River. As a result, the Red River is much cleaner than it was in 1994 when the state conducted a Site Investigation for EPA. Additionally, ongoing studies by Chadwick Ecological Consultants (aquatic biologists) show that biological conditions, as measured by fish and macro-invertebrate data, in the River are as good as – or better than – they were before the waste rock piles were created.

The latest (1999) Chadwick study of the Red River will be undertaken in cooperation with NM Game and Fish and NMED Surface Water Quality Bureau and will be used as part of the TMDL process currently in progress on the Red River. Molycorp will fund this study.

**4. Molycorp is good for the economy of Taos County.**

Molycorp currently employs 150 people in Taos County, a high-unemployment area. Its current annual payroll is \$7 million. Its normal payroll is \$14 million. Molycorp also pays millions in state and local taxes. Normal employment levels of about 400 employees (and normal payroll) should resume when the currently depressed demand for molybdenum returns to normal levels.

**5. Molycorp is subject to comprehensive environmental regulation by the State of New Mexico.**

The State of New Mexico comprehensively regulates the environmental impact of the Questa mine under the New Mexico Mining Act, the Water Quality Act and other regulations. Molycorp has already conducted extensive site assessment work at the Questa site and in addition, Molycorp has committed to conduct an additional comprehensive site assessment to further study the environmental impact of its waste rock piles. This comprehensive site assessment is being done to meet requirements under New Mexico law.

**6. Molycorp will address any significant mine-related environmental problems revealed by its site assessment.**

This additional site assessment, which will begin in July 1999, will be the functional equivalent of a "remedial investigation" under the Superfund program, and should reveal whether the waste rock piles are adversely affecting the Red River beyond what would occur in the absence of mining. If so, Molycorp will take remedial action promptly, without waiting for mine closure to address any environmental problems caused by the mine. This remedial action would be an addition to the many, voluntary remedial actions taken in the past by Molycorp. To date, Molycorp has spent millions of dollars to protect the environment.

**7. The Questa mine should not be listed as a Superfund site.**

U.S. EPA is considering placing the Questa mine site on the Superfund "national priorities list." Listing would require a detailed, expensive (costing many millions of dollars) "remedial investigation" that would essentially duplicate the site assessment work that Molycorp is already doing in response to State specifications. Moreover, Superfund cleanup work would likely duplicate State mine closure requirements. Under the New Mexico Mining Act Molycorp must close the mine site in a manner that establishes a self-sustaining ecosystem compatible with its surroundings, and meets all federal and state environmental laws, regulations and standards. EPA should not place the site on the NPL: listing would impose duplicative federal regulation that would be wasteful and expensive, and would threaten the economic viability of the mine.

VAIL ENGINEERING, INC.

SANTA FE, NEW MEXICO  
JUNE 16, 1998

## RED RIVER SURVEYS

COMPARATIVE SULFATE GAIN  
MAIN RIVER REACHES  
NOVEMBER 1994 & 1998

